

SPOTLIGHT OPTION TRADE



United Tech Attractively Valued into Strong Growth Year

TRADE SNAPSHOT

TICKER	UTX
SECURITY	United Technologies
SECTOR	Industrial – Aerospace & Defense
CURRENT PRICE	\$126.64
LONG/SHORT	Long
TARGET	\$136
STOP	\$122
TIMEFRAME	2 Months

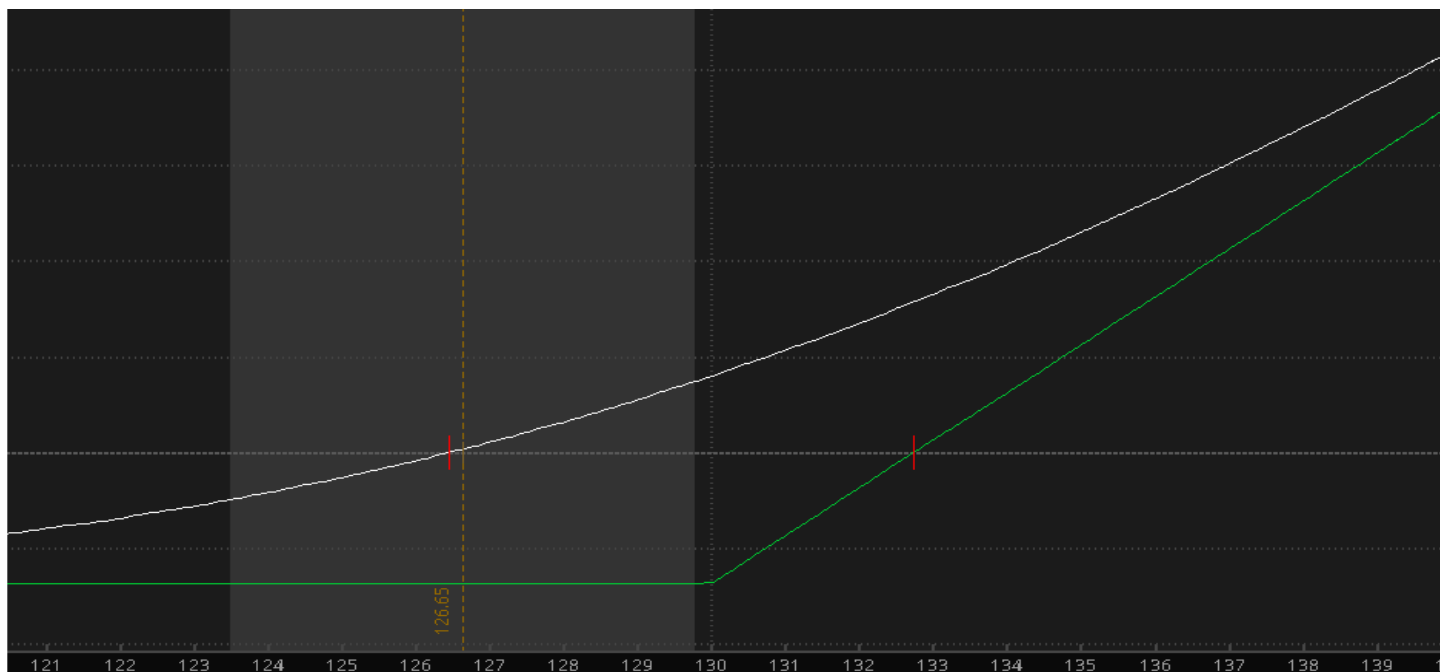
Trading Strategy: Long the UTX May \$130 Calls \$2.75 or Better

Net Debit/Credit: Debit \$2.75

Profitability Zone: UTX Shares Above \$132.75 on May OpEx

Greeks: Delta 39; Vega 21; Gamma 4; Theta -3

Options Volatility / Trade Simulator View:



Fundamental Analysis: The \$109.5B Industrial trades 14.6X Earnings, 11X EV/EBITDA, and 48.7X FCF with a 2.32% yield and more than \$6B in cash. UTX is forecasting 16% revenue growth this year after 11% growth in 2018 and 3.9% EPS growth that is seen moving back towards double digits in 2020. UTX posted 8% organic growth in 2018, one of its best years in a long time and accelerated each of the last four years with Otis, Carrier, Pratt & Whitney and Collins Aerospace all generating growth. Analysts have an average target of \$140 on shares and short interest is low at 0.7% of the float, down 53% Q/Q near a five year low. JP Morgan reinstated coverage at Overweight on 2-22 seeing value ahead of the planned split of the company into three segments by 2020. Pratt & Whitney is the supplier of the new Airbus A320neo engine, and could benefit from woes at Boeing. On 2-8 MSCO was positive with a \$155 target with the next two quarters interesting with the strategic actions, potential for trade resolution, and sum-of-the-parts discount. On 2-1 Goldman added to Conviction Buy List with a \$153 target after a strong quarter. In Q4 filings Pershing Square, Viking Global and Soroban added to positions and Findlay Park started a new position while Third Point remains involved.

Options Activity:

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vol	Prob.ITM	Premium Paic	Symbol
3/11/2019	UTX 100 (Weeklys) 26 APR 19 111 CALL	707	0	\$15.15	N/A	0.84	35.15%	81.79%	\$1,071,105	.UTX190426C111
3/8/2019	UTX 100 16 AUG 19 115 PUT	500	290	\$3.95	5.33%	-1 --		100.00%	\$197,500	.UTX190816P115
2/13/2019	UTX 100 18 APR 19 130 CALL	1,230	985	\$1.66	10.67%	0.29	17.56%	27.05%	\$205,410	.UTX190418C130
2/12/2019	UTX 100 16 AUG 19 130 CALL	761	217	\$4.35	4.82%	0.38	20.33%	32.78%	\$331,035	.UTX190816C130
1/30/2019	UTX 100 15 MAR 19 125 CALL	1,330	567	\$1.20	29.03%	0.26	18.72%	24.27%	\$159,600	.UTX190315C125
1/23/2019	UTX 100 16 AUG 19 125 CALL	328	56	\$5.10	115.19%	0.37	22.22%	31.61%	\$167,280	.UTX190816C125
1/14/2019	UTX 100 15 JAN 21 165 CALL	719	1	\$2.40	-75.63%	0.15	24.31%	8.90%	\$280,410	.UTX210115C165
1/7/2019	UTX 100 17 JAN 20 120 CALL	720	254	\$5.95	4.02%	0.36	25.01%	27.42%	\$428,400	.UTX200117C120
11/21/2018	UTX 100 21 JUN 19 140 CALL	2,001	1,327	\$4.60	4.07%	0.32	25.16%	25.51%	\$930,465	.UTX190621C140
8/23/2018	UTX 100 21 JUN 19 145 CALL	5,000	203	\$4.93	-5.19%	0.33	19.31%	27.09%	\$2,700,000	.UTX190621C145
8/9/2018	UTX 100 21 JUN 19 150 CALL	1,351	104	\$3.95	3.95%	0.29	18.61%	23.41%	\$533,645	.UTX190621C150

Potential Catalysts: Earnings 4-23-19

Disclaimer:**Not Investment Advice or Recommendation**

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